



# **The New England Governors & the Eastern Canadian Premiers 28th Annual Conference**

## **Regional State Committee Proposal**

**to the**

## **New England Governors**

**David L. O'Connor, Commissioner**

**Massachusetts Division of Energy Resources**

**Donald W. Downes, Chairman**

**Connecticut Department of Public Utility Control**

**September 8, 2003**

# Why is This Issue Before You?

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- **FERC called for the formation of a RSC (Regional State Committee) to provide a mechanism for the States to advise the ISO in policy formation**
- **FERC will give great deference to policy recommendations supported by a consensus of RSC states**



# How Was This Proposal Developed?

- **At the direction of the NEGC Chairman, the Energy and Environment Committees assembled a working group composed of representatives of each state to examine the potential for a New England RSC**
- **A wide range of interests were represented, including Utility Commissions, Energy agencies, Environmental agencies, Governors' Offices and others**

# Basic Presumptions Behind the Proposal

- *Walk Before We Run* - Start with a basic framework which can be augmented later
- *Preservation of Sovereignty* - Respect for state powers (and differences between states' policies) for issues like siting and rate setting
- *Striving for Unanimity* - Voting structures that promote broad consensus and balance the interest of large and small states
- *Broad, Flexible and Balanced Representation* - Governors send representatives best suited to address environmental, social, economic, energy, etc. issues addressed by RSC

# Scope of Concerns

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- **Resource Adequacy**
  - The amount and kind of the region's power plants and demand management programs
- **Transmission System Planning and Expansion**
  - The selection and funding of improvements to the region's transmission system
- **Should Siting of Inter-state Transmission Lines Be Added?**
  - The RSC would study and report back to the Governors on this question

# Authority

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- **The FERC gives deference to the RSC but retains ultimate authority**
  - The RSC can recommend policies but not impose them
- **The RSC's scope could be expanded or contracted**
  - But only by unanimous agreement of the states
- **Changes in voting structure would be allowed**
  - But only with unanimous consent of the states

# Governance

- **Each state would vote as a block**
  - **Governors would appoint one or more members for their state**
- **Consensus recommendations would be the goal**
  - **These would be given most deference by the FERC**
- **If no consensus, recommendations must succeed on two votes:**
  - **a “one state, one vote” basis, and**
  - **a proportionate consumption basis**
- **Minority recommendations also provided to FERC**



# Organization and Funding

- **Organized as a non-profit corporation**
- **Governors' appointees serve as unpaid Board of Directors**
- **Relies on but does not duplicate ISO-NE's expertise and technical analyses**
- **Has sufficient expertise to critique ISO's work**
- **Funded by a surcharge on regional transmission tariff collected by ISO-NE**





# **We Seek Your Guidance...**

- **Governors direct staff to file proposal with FERC**
- **Staffs finalize proposal in consultation with ISO-NE and NEPOOL**
- **Proposal is filed with FERC this fall**
  - **We contemplate filing the proposal with FERC in October when the ISO-NE files its proposal to form an RTO (Regional Transmission Organization) for New England**
- **RSC commences operation following FERC approval**